

DDI-1476-70

8 June 1970

MEMORANDUM FOR THE RECORD

SUBJECT: PFIAB Briefing on the Soviet Economy

1. On 4 June the undersigned gave a presentation to the President's Foreign Intelligence Advisory Board on the Soviet economy. The substance of the briefing was that while there has been a sharp, long-term slowdown in the rate of Soviet economic growth, the USSR was continuing to expand. As it does so, the capacity to increase military and space expenditures will continue to grow along with the size of the economy. In recent years, increases in defense spending have been approximately at the same rate as increases in GNP.

2. As part of the briefing, PFIAB was presented with a chart showing the breakdown of Soviet and US GNP in dollars. They seemed to be surprised that US defense outlays were higher than those of the USSR, even using the dollar equivalent pricing for USSR purchases of US goods and services. [REDACTED] indicated that if the Board so wished, a detailed presentation could be given breaking down the dollar amounts for each country and relating these to specific military programs to show how the totals were derived. There will not be time for such a presentation during the current PFIAB meetings, but it probably will be an agenda item for the future. I alerted Bruce Clarke on this. 25X1A9a

3. There were no problems with the briefing except for a continuous series of questions by Dr. Baker, the thrust of which was to indicate that all of our data was subject to very wide margins of error. For example, how could we be sure that the rate of growth in the USSR had indeed slowed down? I was able to cite chapter and verse on the background of the figures about which he raised many questions. While I am certain that Dr. Baker was not convinced, he seemed to be alone among the Board members with respect to the "great uncertainty" attitude.

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